

Attachment A

UP TO 11.1 MILLION IN EMPLOYER/UNION-BASED RETIREE COVERAGE

Table 1
Medicare-eligible Retirees Retaining Employment-based Drug Coverage

Type of Continuing Drug Coverage	Total Retirees
Retiree Drug Subsidy (qualified to date)	5.9 million
Retiree Drug Subsidy (still being processed)	0.6 million (estimated)
Federal retirees	3.1 million (estimated)
Coverage that incorporates or supplements Part D	1.0 million (estimated)
Other	0.5 million (estimated)
TOTAL	11.1 million (estimated)

- Retiree Drug Subsidy (qualified to date): Includes retirees determined to meet the applicable standard for their drug expenses to be claimed for retiree subsidy payments by their plan sponsors.
- Retiree Drug Subsidy (still being processed): Includes additional retirees expected to meet applicable standard
- Federal retirees: Includes retirees receiving coverage from the Federal Employees Health Benefits (FEHB), TRICARE (military health care) and TVA.
- Coverage that incorporates or supplements Part D coverage, includes retirees in:
 - “direct contract” plans, where the employer or union itself becomes a Part D plan for just its retirees, and
 - “employer group waiver” plans, where a plan contracts with just one employer or union to create a plan for just that organization, and
 - separate employer/union maintained plans that “wrap around” Medicare Part D
 - Note: Since tax-exempt entities do not benefit from the retiree subsidy not being excluded from federal taxation, these approaches may be more attractive to tax-exempt entities.
- Other: Includes retirees that will receive coverage from non-calendar year plans that have not yet come into the retiree drug subsidy program, as well as plan sponsors covering relatively small numbers of retirees that decided the administrative cost of implementing an MMA option outweighed the saving available.

Table 2

**Percentage of Unique Sponsors Starting Applications for Plan Year 2006, and
Number of RDS Qualifying Retirees Approved So Far, by Type of Plan Sponsor***

Type of Entity	Percentage of Unique Sponsors Starting RDS Applications	Percentage of Retirees Qualified to Date
Commercial	36.10 %	61.74 %
Government	34.11 %	26.44 %
Union fund	14.61 %	4.43 %
Nonprofit	2.38 %	1.08 %
Religious	12.80 %	6.31 %

*Based on Type of Sponsor self-identified by Sponsors in their applications

- Plan sponsors can be either:
 - employers or unions applying on their own behalf, or
 - entities providing coverage to multiple employers or unions, such as a state retirement system
- Sponsors can submit multiple applications if they offer multiple plans, so the total number of applications submitted will be greater than the total number of unique sponsors listed in the table
 - It is too early to provide a reliable count of total applications, since some sponsors may split or consolidate applications before the application process is complete
- In some cases a single entity has applied as the plan sponsor for retirees in a plan covering multiple employers or unions, so the number of employers and unions providing coverage to qualified retirees is higher than the total number of unique sponsors listed in the table.
 - Because the application only captures information about the plan sponsor, we do not have data on the actual number of individual employers and unions that will be receiving retiree subsidy payments.
- Table include only those retirees already determined to be eligible for their sponsor to receive retiree drug subsidy payments
 - CMS is still processing additional retiree lists and expects the final total to be about six million qualified retirees

Table 3**Number of Unique Sponsors Submitting RDS Applications*, by State**

Sponsor State	Total Sponsors	Sponsor State	Total Sponsors	Sponsor State	Total Sponsors
AK	7	LA	62	OK	23
AL	16	MA	266	OR	31
AR	17	MD	129	PA	226
AZ	28	ME	25	PR	12
CA	225	MI	358	RI	23
CO	34	MN	94	SC	33
CT	140	MO	67	SD	6
DC	60	MS	10	TN	68
DE	19	MT	5	TX	172
FL	121	NC	58	UT	24
GA	97	ND	4	VA	81
HI	11	NE	21	VI	1
IA	35	NH	34	VT	13
ID	9	NJ	239	WA	48
IL	254	NM	6	WI	91
IN	79	NV	15	WV	23
KS	21	NY	738	WY	3
KY	39	OH	194		
TOTAL	4,415 (includes 3,532 sponsors with submitted applications and 883 sponsors with applications at earlier stages of the process)				

* A single Plan Sponsor can submit multiple applications, so the total number of applications received is higher than the total number of sponsors.

Important note: The table is based on the plan sponsor's contact address, which is associated with its Employer Identification Number (EIN). That address may not be the only state in which the sponsor does business or has facilities. That address also does not reflect where retirees live.

- Sponsors can submit multiple applications if they offer multiple plans, so the total number of applications submitted will be greater than the total number of unique sponsors listed in the table
 - For example, numerous plan sponsors submitted as many as five applications, though many submitted only one.
 - Sponsors are required to submit separate applications for separate plans, so sponsors that maintain separate retiree plans for different lines of business, or separate plans for salary and hourly workers, can be expected to submit multiple applications.

- In some cases a single entity has applied as the plan sponsor for retirees in a plan covering multiple employers or unions, so the number of employers and unions providing coverage to qualified retirees is higher than the total number of unique sponsors listed in the table.